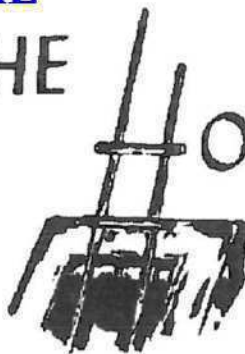


# THE HOPI TRIBE



Timothy L. Nuvangyaoma  
CHAIRMAN

Clark W. Tenakhongva  
VICE-CHAIRMAN

November 19, 2020

Chairman Robert "Bob" Burns  
Commissioner Sandra Kennedy  
Commissioner Boyd Dunn  
Commissioner Justin Olson  
Commissioner Leah Marquez Peterson

**Re: Arizona Public Service Company Rate Case, Docket No. E-01345A-19-0236**

Dear Commissioners,

I am writing to provide comments regarding the ongoing Arizona Public Service Company ("APS," "Company") rate case, Docket Number E-01345A-19-0236. I hope that this letter provides some insight as to how the early closure of the Navajo Generating Station ("NGS") and Kayenta Mine has impacted the Hopi Tribe, and conveys what I feel is the APS responsibility to create a meaningful Just Transition Plan that fairly includes the Hopi Tribe. I have read President Jonathan Nez's testimony submitted to the Commission on this matter and echo many of his concerns. The Hopi Tribe appreciates this opportunity to comment and provide recommendations for the Commission to consider what will ease economic impacts and help communities appropriately transition away from coal-based economies to sustainable future energy systems.

The Hopi Tribe has been directly impacted by the APS action to prematurely shut down the NGS coal-fired power plant and the resulting closure of the Kayenta Mine. This early closure has resulted in catastrophic economic impacts for the Hopi Tribe. The Tribe is facing a massive budgetary shortfall with the loss of annual coal-based royalties that accounted for more than 80% of the Tribe's yearly budget. Further, Hopi members have lost access to Kayenta coal which was relied on to heat homes and kivas – something that was especially important for homes without electricity access. Now, in addition to this financial crisis, the Hopi Tribe and its members face a proposed APS rate increase that, if approved, will only impose an additional financial challenge. I assume you can all appreciate that this also stunningly occurring during a global pandemic not seen for the last 100 years only multiplies the scale of every challenge.

I have read the recent news about APS's proposed Just Transition Plan in coordination with Navajo Nation. While I applaud APS's commitment to supporting coal-impacted communities, I am distressed by the lack of assistance proposed for the Hopi Tribe as \$3.7 million dollars paid over five years does not even approximate a "Just Transition." In addition, I must convey to the Commission that APS only notified the Hopi Tribe of this action by direct outreach on the day of

the public announcement and that the Tribe had no prior discussions regarding the specific terms of the Plan.

I urge the Arizona Corporation Commission and APS to commit to a Just Transition Plan, one that is such by fairly including of the Hopi Tribe. I hope that APS and the Commission will consider the following specific requests, keeping in mind the vital role that the Hopi Tribe's workers and resources have played in providing reliable electricity for the region for decades.

**1. Arizona Public Service Company should provide \$31.5 million in funding for Hopi to transition to new economic development opportunities.**

Prior to its closure, Arizona Public Service Company owned 315 MW of nameplate capacity at Navajo Generating Station. Based on previous testimony and comments by Navajo Nation and others, and as is becoming increasingly common across coal retirement scenarios, \$100,000 per MW of nameplate capacity is a reasonable metric to establish a target value of transitional assistance to the Hopi Tribe.

For illustration and specific comparison, in its Just Transition Plan, APS agreed to a minimum of \$128.75 million in direct payments to Navajo Nation, which equates to \$66,641 per MW of nameplate capacity ownership in the three Navajo-related coal plants – Four Corners Power Plant, Navajo Generating Station, and Cholla Power Plant. However, this agreement may exceed \$148 million in direct payments, depending on the date of closure of Four Corners Power Plant and the number of homes APS connects to power lines, bringing the \$/MW total closer to \$76,605 per MW of nameplate capacity ownership. Further, if the long term commitments to purchase 600 MW of renewable energy from Navajo Nation projects are also included, and are conservatively estimated to create \$3 million in annual land lease revenue for the Nation over 25 years for a total of \$75 million, this \$/MW figure can be estimated to equal in excess of \$115,424/MW, for \$223 million in total transition assistance.

Applying a \$100,000/MW value for Hopi, the Tribe would be positioned to receive a minimum \$31.5 million through the Company's transition efforts. The Tribe considers this a more fair and equitable calculation in the context of its history and the impacts from NGS closure. This level of funding will help the Hopi Tribe transition out of its long-standing coal economy, and allow for new economic development opportunities to replace lost revenue and provide employment for impacted Hopi Tribal members. The Tribe could also apply a portion of this funding to Hopi-based renewable energy project developments that could become a source of clean energy for APS or other regional utilities. As such a scenario would only be consistent with the basis for NGS closure, the Commission and APS should support this concept.

**2. Arizona Public Service Company should provide the Hopi Tribe and Hopi Utilities Corporation with technical assistance to develop renewable energy projects.**

The Tribe, like most other historic participants in the coal-based economy, needs technical assistance to make an effective transition into a renewable energy market. Technical assistance from APS could help Hopi staff identify and plan renewable energy development zones to construct cost-competitive, Hopi-owned renewable generation projects. APS should also assist the Tribe in accessing sufficient transmission for new renewable energy generation development efforts as existing infrastructure was developed around NGS operations that no longer continue.



The Hopi Tribe has abundant renewable resource potential and willingness to harness these resources on its lands. The Tribe can be positioned to embrace this time and resulting changes as an opportunity for dealings with APS on renewable energy projects that are mutually beneficial. But it must have sufficient, appropriate financial support from APS in order to effectively do so.

**3. Arizona Public Service Company should commit to no less than 315 MW of electricity offtake agreements from utility-scale projects that the Hopi Tribe owns or identifies as creating direct Tribal benefits.**

APS's goal is to reach 100% clean energy by 2050. As the Company continues to replace coal generation capacity by adding to its renewables portfolio, APS should, through any NGS-tied transition effort, be required to look to the Hopi Tribe as a source of new utility-scale renewable energy projects. APS should seek to add at least 315 MW of renewable energy resources to their portfolio by 2025 that are Hopi-owned or that the Tribe otherwise identifies as creating direct benefits. Further, any future APS renewable energy RFP or other procurement processes should give equitable preference to projects that benefit coal-impacted communities including appropriate consideration of the Hopi Tribe.

**4. Arizona Public Service Company should assist the Hopi Tribe to improve electricity access for the Reservation through technical and financial assistance.**

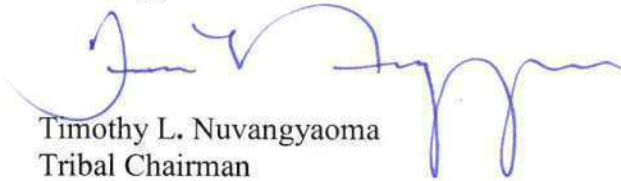
For decades, Hopi Tribal members worked to supply reliable coal-based electricity for the region, while many across Hopi communities lived without access to electricity on Hopi lands. Even today an alarming number of Hopi Tribal households do not have access to electricity, and homes that are connected to APS service experience a disproportionate amount of power outages.

As with all infrastructure, improving access to electricity improves economic opportunities for communities. To address the terminated economic opportunity associated with the NGS closure, APS should help the Hopi Tribe address this electricity access disparity. APS should fund an expansion of distribution infrastructure as requested by the Tribe or installation of household solar and battery storage systems where it is more economically prudent.

I understand that Arizona Public Service Company's decision to move away from coal in favor of other resources is economically-driven and agree with the importance of transitioning towards renewable energy. But it's unjust to prematurely close coal facilities and abandon their dependent economies without providing meaningful, appropriate transitional assistance. The Hopi Tribe has been an important part of Arizona Public Service Company's and Navajo Generating Station's history, and with the NGS closure should also be part of the region's energy generation future. Utilities that have benefitted from this relationship have a responsibility to provide legitimately "Just" Transition assistance to coal communities that in this instance include the Hopi Tribe.

The Hopi Tribe appreciates this opportunity to provide comments to the Arizona Corporation Commission regarding the current Arizona Public Service Company's rate case. We hope the Commission will give its serious consideration to this submission in its review of the Company's rate and all related transition plan proposals for coal-impacted communities. Proper action is imperative for the Tribe's future. Thank you for your attention.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Timothy L. Nuvangyaoma', with a stylized, flowing script.

Timothy L. Nuvangyaoma  
Tribal Chairman